

90<sup>th</sup> Legislative Session – 2015

Committee: House Taxation

Thursday, February 19, 2015

P - Present  
E - Excused  
A - Absent

Roll Call

P Bartling  
P Beal  
P Duvall  
P Haggar (Don)  
P Killer  
P Kirschman  
P Latterell  
P May  
P Novstrup (Al)  
P Rasmussen  
P Russell  
P Wiik  
P Willadsen  
P Rozum, Vice-Chair  
P Solum, Chair

OTHERS PRESENT: See Original Minutes

The meeting was called to order by Representative Roger Solum, Chair.

MOTION: TO APPROVE THE MINUTES OF TUESDAY, FEBRUARY 17, 2015

Moved by: Willadsen  
Second by: Haggar (Don)  
Action: Prevailed by voice vote.

HB 1234: revise certain provisions regarding tax compacts with Indian tribes.

See February 17, 2015 minutes for previous testimony on HB 1234.

Presented by: Representative Shawn Bordeaux

MOTION: DEFER HB 1234 TO THE 41<sup>ST</sup> LEGISLATIVE DAY

Moved by: Bartling  
Second by: Killer  
Action: Prevailed by roll call vote. (15-0-0-0)

Voting Yes: Bartling, Beal, Duvall, Haggard (Don), Killer, Kirschman, Latterell, May, Novstrup (Al), Rasmussen, Russell, Wiik, Willadsen, Rozum, Solum

HB 1233: accommodate legislation to revise certain provisions regarding tax collection agreements with Indian tribes.

See February 17, 2015 minutes for previous testimony on HB 1233.

Presented by: Representative Shawn Bordeaux  
Opponents: Andy Gerlach, Secretary, Department of Revenue

MOTION: AMEND HB 1233

1233fa

On the printed bill, delete everything after the enacting clause and insert:

" Section 1. That § 10-12A-4 be amended to read as follows:

10-12A-4. The department may enter into tax collection agreements with any Indian tribe under the provisions of this chapter and chapter 1-24. These agreements may provide for the collection of any of the following state taxes and any tribal taxes imposed by a tribe that are identical to the following state taxes:

- (1) The retail sales and service tax imposed by chapter 10-45;
- (2) The use tax imposed by chapter 10-46;
- (3) The contractors' excise tax imposed by chapter 10-46A;
- (4) The alternate contractors' excise tax imposed by chapter 10-46B;
- (5) The cigarette tax imposed by chapter 10-50;
- (6) The motor vehicle excise tax imposed by chapter 32-5B;
- (7) The fuel excise tax imposed by chapter 10-47B;
- (8) The wholesale tax on tobacco products imposed by chapter 10-50;
- (9) The amusement device tax imposed by chapter 10-58;
- (10) The gross receipts tax on visitor related businesses imposed by chapter 10-45D;
- (11) The excise tax on farm machinery, attachment units, and irrigation equipment imposed by chapter 10-46E;

- (12) The contractor's excise tax on new or expanded power production facilities imposed by chapter 10-46C;
- (13) The uniform municipal non-ad valorem tax imposed by chapter 10-52;
- (14) The taxation of telecommunications companies tax imposed by chapter 10-33A;
- (15) The taxation of telephone companies tax imposed by chapter 10-33; and
- (16) The taxation of rural electric companies tax imposed by chapter 10-36.

The agreement may provide for the retention by the department of an agreed-upon percentage of the gross revenue as an administrative fee."

Moved by: Bartling  
Second by: Killer  
Action: Prevailed by voice vote.

MOTION: DO PASS HB 1233 AS AMENDED

Moved by: Bartling  
Second by: Killer  
Action: Prevailed by roll call vote. (12-3-0-0)

Voting Yes: Bartling, Duvall, Haggart (Don), Killer, Kirschman, Latterell, May, Novstrup (Al), Rasmussen, Russell, Wiik, Solum

Voting No: Beal, Willadsen, Rozum

MOTION: AMEND TITLE OF HB 1233

1233fta

On page 1, line 1, of the printed bill, delete "accommodate legislation to".

On page 1, line 2, delete "collection agreements" and insert "compacts".

Moved by: Bartling  
Second by: Killer  
Action: Prevailed by voice vote.

HB 1207: revise certain provisions concerning the school district pension fund and capital outlay fund tax levies, to provide property tax opt-out procedures for the capital outlay levy, and to revise the per student allocation.

See February 17, 2015 minutes for previous testimony on HB 1207.

Presented by: Representative Justin Cronin

Proponents: Mike Houdyshell, Department of Revenue  
Tami Darnall, SD Department of Education  
Dianna Miller, Large School Group  
Michael Held, South Dakota Farm Bureau  
Wade Pogany, Associated School Boards of SD  
Kelly Glodt, Large School Group  
Representative G. Mark Mickelson  
Larry Nelson, Sioux Falls School District  
Matt Sibley, SD Farmers Union  
Mark Lee, Sioux Falls Area Chamber Of Commerce

Opponents: David Hutchinson, Self, Irene  
Donavan DeBoer, Parker Schools, Parker  
Jim Hulser, Doland Schools  
Brian Jandahl, Elkton Schools, Elkton

Mitch Richter, South Dakota United School Association provided additional information.

MOTION: AMEND HB 1207

1207fh

On page 10, after line 18 of the printed bill, insert:

" Section 14. That § 13-16-6 be amended to read as follows:

13-16-6. The capital outlay fund of the school district is a fund provided by law to meet expenditures which result in the acquisition or lease of or additions to real property, plant, or equipment. Such an expenditure shall be for land, existing facilities, improvement of grounds, construction of facilities, additions to facilities, remodeling of facilities, or for the purchase or lease of equipment. It may also be used for installment or lease-purchase payments for the purchase of real property, plant, or equipment, which have a contracted terminal date not exceeding twenty years from the date of the installment contract or lease-purchase and for the payment of the principal of and interest on capital outlay certificates issued pursuant to § 13-16-6.2.

Any purchase of one thousand dollars or less may be paid out of the general fund. The total accumulated unpaid principal balances of such installment contracts and lease-purchase and the outstanding principal amounts of such capital outlay certificates may not exceed three percent of the taxable valuation. The school district shall provide a sufficient levy each year under the provisions of § 13-16-7 to meet the annual installment contract, lease-purchase, and capital outlay certificate payments, including interest.

A school district which contracts its student transportation may expend from the capital outlay fund an amount not to exceed fifteen percent of the contract amount. In addition, a school district which reimburses for mileage instead of providing transportation pursuant to § 13-30-3, may use the capital outlay fund to pay for fifteen percent of its mileage reimbursement costs.

The capital outlay fund may be used to purchase textbooks and instructional software.

The capital outlay fund may be used to purchase warranties on capital assets if the warranties do not include supplies.

During the period of time beginning on July 1, 2009, ~~and ending on June 30, 2018~~ 2015, any school district may make payments from its capital outlay fund for the purchase of property insurance and casualty insurance, for payments for energy costs and the cost of utilities, and for motor fuel or for any portion of a contract providing transportation to students or for any mileage reimbursements. However, the total amount that a school district expends from its capital outlay fund for these expenses may not exceed forty-five percent, beginning on July 1, 2016, these expenses may not exceed thirty percent, and beginning on July 1, 2017, and each year thereafter, these expenses may not exceed twenty percent of the total tax revenues deposited in that fund during the current school fiscal year, and for any school district with a current tax levy for the capital outlay fund that is greater than its tax levy for the capital outlay fund in school fiscal year 2008, the total amount expended from the capital outlay fund for these expenses may not exceed forty-five percent, beginning on July 1, 2016, and these expenses may not exceed thirty percent, and beginning on July 1, 2017, and each year thereafter, these expenses may not exceed twenty percent of the total tax revenues that would have been deposited in that fund during the current school fiscal year if the tax levy for the capital outlay fund had not been increased since 2008."

Moved by: Rozum  
Second by: Duvall  
Action: Prevailed by voice vote.

MOTION: AMEND HB 1207

1207fc

On page 10, after line 18 of the printed bill, insert:

" Section 14. Sections 1 to 10, inclusive, of this Act are repealed on July 1, 2020."

Moved by: Rozum  
Second by: Duvall

Action: Prevailed by voice vote.

MOTION: AMEND HB 1207

1207fj

On page 4, line 19, of the printed bill, delete "Any" and insert "A school district may increase the revenue payable from taxes on real property above the limit provided by this section by an amount equal to the difference between the amount of bond redemption levy revenue generated pursuant to § 13-16-10 for the year ending December 31, 2015, and the amount of bond redemption levy revenue generated pursuant to § 13-16-10 for the current tax year.

Any".

On page 5, delete line 3, and insert "whichever is less.

In no year may the annual tax levy provided in this section exceed three".

Moved by: Haggar (Don)  
Second by: Duvall  
Action: Prevailed by voice vote.

MOTION: DO PASS HB 1207 AS AMENDED

Moved by: Rozum  
Second by: Haggar (Don)  
Action: Was not acted on.

MOTION: SUBSTITUTE MOTION DEFER HB 1207 TO THE 41<sup>ST</sup> LEGISLATIVE DAY

Moved by: Novstrup (Al)  
Second by: Russell  
Action: Prevailed by roll call vote. (9-6-0-0)

Voting Yes: Bartling, Killer, Kirschman, Latterell, May, Novstrup (Al), Rasmussen, Russell, Willadsen

Voting No: Beal, Duvall, Haggar (Don), Wiik, Rozum, Solum

HB 1227: authorize counties to impose sales and use taxes.

Presented by: Representative Elizabeth May

Proponents: Tom Tveit, Self, Pierre (Handouts: Handout #1)  
Sue Ganje, Self, Shannon County - telephone testimony  
Vicki Wilson, Self, Jackson County (Handouts: Handouts # 2-7)  
Glen Bennett, Self, Jackson County  
Senator Jim Bradford  
Bob Wilcox, South Dakota Association Of County Officials  
Opponents: Alison Jares, Department of Revenue  
Shawn Lyons, SD Retailers Association  
Bob Riter, National Federation of Independent Business

David Opoien, Minnesota schools, provided additional information

MOTION: DEFER HB 1227 TO THE 41<sup>ST</sup> LEGISLATIVE DAY

Moved by: Haggar (Don)  
Second by: Rozum  
Action: Was not acted on.

MOTION: SUBSTITUTE MOTION DO PASS HB 1227

Moved by: May  
Second by: Duvall  
Action: Prevailed by roll call vote. (9-6-0-0)

Voting Yes: Beal, Duvall, Killer, Kirschman, Latterell, May, Novstrup (Al), Rasmussen, Russell

Voting No: Bartling, Haggar (Don), Wiik, Willadsen, Rozum, Solum

MOTION: ADJOURN

Moved by: Rozum  
Second by: Wiik  
Action: Prevailed by voice vote.

Liz Markley  
Committee Secretary

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Roger D. Solum, Chair